



State of Utah
School & Institutional
Trust Lands Administration

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Lieutenant Governor

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Director

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S1015/0094
cc: Wayne

RECEIVED

JUL 02 2013

DIV. OF OIL, GAS & MINING

June 26, 2013

Jeffrey L. Sagers
2421 W. 350 N.
Hurricane, UT 84737

CERTIFIED MAIL 7160 3901 9846 2999 7686

RE: Breach of Building Stone Lease Agreement, ML 50765; DOGM Mining Permit # S/015/0094

Dear Lessee,

On June 11, 2013, a representative of the Utah Division of Oil, Gas & Mining inspected the Reef Mine in Emery County. The mine is operated upon Trust Lands under the above numbered Building Stone Lease. Said inspection determined that 25.6 acres have been disturbed by Lessee's mining operations upon the leased lands. The Reef Mine is currently permitted and bonded for the disturbance of only 5.0 acres of land. Lessee is therefore out of compliance with the Utah Mined Land Reclamation Act, and is in breach of the terms and conditions of the lease. Particularly, please note Lessee's breach of paragraphs 9.2, 10.2, 13.1, 13.2, 13.3 and 13.4 of the lease agreement.

Lessee is hereby notified of Lessee's breach of the terms and conditions of Building Stone lease ML 50765, as described above, pursuant to paragraph 16 of the lease agreement. From the date of this letter Lessee has 30 days to cure Lessee's breach of the terms and conditions of the lease, or to request an administrative hearing on the matter pursuant to the adjudication rules of the Trust Lands Administration. Failure of the Lessee to so act may result in the cancellation of ML 50765 without further notice.

Sincerely,

John T. Blake
Deputy Assistant Director/Minerals

CC: Wayne Western, DOGM